

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-01

PA-01 PRS-01 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /084 W

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R 021157Z AUG 77

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 2634

INFO AMCONSUL JERUSALEM

AMEMBASSY TEL AVIV

LIMITED OFFICIAL USE SECTION 1 OF 2 AMMAN 4378

EO 11652: NA

TAGS: ECON, ECRP, JO

SUBJ: GNP DATA FOR JORDAN

1. SUMMARY--CENTRAL BANK OF JORDAN HAS PUBLISHED (FOR FIRST TIME) SEPARATE GNP DATA FOR EAST BANK OF JORDAN. THOUGH TEMPTING TO READ POLITICAL IMPLICATION INTO THIS DEPARTURE, WE BELIEVE SEPARATE ACCOUNTS PUBLISHED FOR NO MORE REASON THAN DESIRE OF BANK RESEARCH AND STATISTICS DEPARTMENT TO PUBLISH ADDITIONAL DATA OF ECONOMIC INTEREST. UNFORTUNATELY, HOWEVER, EAST BANK CONTRIBUTION TO TOTAL GNP FOR COUNTRY IS ESTIMATED RATHER CRUDELY AND THUS DOES NOT ADD GREAT DEAL TO UNDERSTANDING OF JORDANIAN ECONOMIC DEVELOPMENTS. APPARENT BOOKKEEPING ERROR IN PUBLISHED 1975 GNP ACCOUNTS FOR COUNTRY AS WHOLE RESULTED IN UNDERSTATEMENT OF THAT YEAR'S GNP BY 24 MILLION JD. IF, AS EXPECTED, CENTRAL BANK REVISES ITS ACCOUNTS TO ADD THIS AMOUNT TO 1975 GNP, NOMINAL INCREASE IN 1976 GNP FOR WHOLE COUNTRY OVER 1975 WILL BE ABOUT 40 PERCENT AND, AFTER 18 PERCENT DEFLATOR FOR INFLATION, REAL GROWTH AT ABOUT 22 PERCENT. JORDAN'S NOMINAL GDP WILL HAVE INCREASED BY 21 PERCENT, REAL GROWTH BY ABOUT 3-4 PERCENT. LARGE DIFFERENCES IN GROWTH OF GNP AND GDP RESULTS FROM INCLUSION OF

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REMITTANCES (WHICH MORE THAN DOUBLED IN 1976) IN GNP BUT NOT GDP. END SUMMARY.

2. IN CENTRAL BANK MONTHLY BULLETIN FOR MAY, 1977 GOJ PUBLISHED FOR FIRST TIME SEPARATE GNP DATA FOR EAST BANK: PREVIOUSLY, GOJ PUBLISHED ONLY TOTAL GNP FOR EAST AND WEST BANK TOGETHER. EAST BANK DATA IN MAY BULLETIN COVERS 1971-1976 PERIOD. RELATION-

SHIP OF EAST BANK GNP TO TOTAL, HOWEVER, IS BASED ON VERY CRUDE
ESTIMATES: CONTRIBUTION OF EACH SECTOR OF ECONOMY OF EAST BANK TO
TOTAL OF COUNTRY IS UNVARYING PERCENTAGE THROUGHOUT ENTIRE PERIOD.
BREAKDOWN FOLLOWS:

SECTOR	1976 GNP OF EAST BANK (JD MILLIONS)	1971-1975 EAST BANK PERCENT OF TOTAL
AGRICULTURE	27.24	75
MANUFACTURING AND MINING	60.98	90
CONSTRUCTION	23.35	70
ELECTRICITY AND WATER SUPPLY	3.53	75
TRANSPORTATION	33.59	87
TRADE	50.47	77
BANKING AND FINANCE	5.16	100
OWNERSHIP OF BUILDINGS	17.23	82
PUBLIC ADMINISTRATION AND DEFENSE	67.21	95
SERVICES	36.72	85
INDIRECT TAXES	68.40	100
NET FACTOR INCOME FROM ABROAD	130.00	100
TOTAL GNP	523.88	--
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SINCE BANKING, INDIRECT TAXES AND FACTOR INCOME FROM ABROAD ARE CONSIDERED TO BE SOLELY OF EAST BANK ORIGIN, EAST BANK CONTRIBUTION TO TOTAL GNP SHOWS GROWTH FROM 86 PERCENT IN 1971 TO 88 PERCENT IN 1975. ASSIGNMENT OF FIRST TWO ITEMS SOLELY TO EAST BANK IS REASONABLE, BUT SAME TREATMENT OF NET FACTOR INCOME (ALMOST EXCLUSIVELY REMITTANCES PLUS CENTRAL BANK PROFITS) IS ARBITRARY AS LARGE AMOUNT, IF NOT MOST, OF REMITTANCES ARE GENERATED BY INDIVIDUALS OF WEST BANK ORIGIN.

3. GNP DATA FOR ENTIRE COUNTRY DO NOT APPEAR IN MAY BULLETIN, BUT IF PREVIOUS PERCENTAGE ALLOCATION IS NOT CHANGED, TOTAL GNP WILL BE RECORDED AT 585 MILLION JD.

4. CENTRAL BANK HAD PREVIOUSLY RECORDED TOTAL 1975 GNP AT 394.9 MILLION JD. RECENTLY DISCOVERED BOOKKEEPING ERROR WILL PROBABLY RESULT IN UPWARDS REVISION OF 24 MILLION JD, TO 418.9 MILLION JD.

5. IF GNP STATISTICS FOR 1975 AND 1976 ARE RECORDED AS ANTICIPATED IN PARAGRAPHS 2 AND 3, NOMINAL 1976 GNP WILL BE WHOPPING 40 PERCENT INCREASE OVER 1975. ALL SECTORS OF (EAST BANK) GNP SHOW INCREASE OVER 1975, BUT DOMINANT ITEM IS NET FACTOR INCOME
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FROM ABROAD (62 MILLION JD IN 1975 TO 130 MILLION UD IN Q1976). INDIRECT TAXES ALSO SHOW LARGE INCREASE (37 MILLION JD IN 1975 COMPARED TO 68.4 MILLION JD IN 1976). AS NEITHER INDIRECT TAXATION NOR NET FACTOR INCOME FROM ABROAD ARE INCLUDED IN GDP, NOMINAL GDP INCREASE WAS ONLY 21 PERCENT IN 1976. CENTRAL BANK WILL PROBABLY APPLY 18 PERCENT DEFLATOR FOR INFLATION TO BOTH NOMINAL GNP AND GDP.
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Message Attributes

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